

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 078067

ORIGIN ARA-14

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 L-03 CIAE-00

INR-10 NSAE-00 OMB-01 /037 R

DRAFTED BY ARA/ECP:DTAHER:LJ

APPROVED BY ARA:RARELLANO

ARA/AND:VGRAHAM (DRAFT)

ARA/AND:MBARNEBEY (DRAFT)

ARA/ECP:SHROGERS

-----012085 281253Z /43

P 281240Z MAR 78

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS PRIORITY

LIMITED OFFICIAL USE STATE 078067

E.O. 11652: N/A

TAGS: ECRE, VE

SUBJECT: ATKINSON COMPANY PROBLEMS IN VENEZUELA

1. GUY F. ATKINSON COMPANY OFFICIALS, ACCCOMPANIED BY THE FIRM'S VENEZUELAN ATTORNEYS, MET WITH DEPUTY ASSISTANT SECRETARY ARELLANO ON MARCH 22 TO EXPRESS FIRM'S CONCERN OVER THE VENEZUELAN GOVERNMENT'S CONTINUING ARREARAGES IN PAYMENTS TO THE COMPANY.

2. ATKINSON IS PRIME CONTRACTOR IN TURIMIQUIRE DAM PROJECT DEVELOPED BY VENEZUELAN GOVERNMENT AGENCY, INOS, TO HELP MEET MUNICIPAL WATER NEEDS IN NORTH CENTRAL VENEZUELA. FIRM STATED THAT ITS RELATIONS WITH INOS ARE EXCELLENT AND THAT THERE IS ALSO A GOOD WORKING RELATIONSHIP WITH TWO VENEZUELAN CONSTRUCTION FIRMS PARTICIPATING IN THE PROJECT. HOWEVER, INOS HAS PERSISTENTLY FAILED TO MEET THE MONTHLY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 078067

PAYMENT SCHEDULE CALLED FOR IN ITS CONTRACT WITH ATKINSON WHICH HAS RESULTED IN A 4 TO 5 MONTH DELAY WITH ARREARAGES AMOUNTING TO \$10 MILLION. MOREOVER, TURIMIQUIRE PROJECT IS ENTERING INTO ITS MAJOR PHASE WHICH, IF ARREARAGES PERSIST, COULD INCREASE ATKINSON'S EXPOSURE TO \$25 MILLION. THIS AMOUNT OF EXPOSURE WOULD UNDULY STRAIN THE COMPANY'S

RESOURCES AND IS UNACCEPTABLE.

3. FIRM STATES THAT IT HAS REPEATEDLY BROUGHT THIS MATTER TO INOS' ATTENTION WITHOUT MUCH SUCCESS. ATTEMPT TO WORK OUT A COMPROMISE INVOLVING INOS PROMISSORY NOTES FAILED. FIRM BELIEVES THAT IF SITUATION DOES NOT IMPROVE, IT WILL HAVE NO CHOICE BUT TO DELAY OR HALT WORK ON IMPORTANT TURIMIQUIRE PROJECT.

4. DEPARTMENT OFFICERS POINTED OUT THAT PAYMENT DELAYS BY LATIN AMERICAN GOVERNMENT AGENCIES ARE A COMMON OCCURRENCE. ATKINSON OFFICIALS ADMITTED PART OF THE PROBLEM COULD BE TRACED TO FIRM'S NAIVETE WHEN ENTERING INTO CONTRACT WITH INOS. FIRM POINTS OUT THAT ITS PARTICIPATION IN PROJECT HAS RESULTED IN SUBSTANTIAL EXPORTS OF U.S. EQUIPMENT AND SERVICES AND HALTING OR SLOWING DOWN PROJECT MAY REDUCE THAT FLOW. THEY ASKED FOR USG ASSISTANCE.

5. WE INFORMED ATKINSON OFFICIALS THAT THERE APPEARED TO BE RELATIVELY LITTLE THAT THE USG COULD USE AS A PRETEXT TO INTERVENE IN THIS MATTER. THIS IS NOT A CONTRACT DISPUTE. INOS IS NOT REFUSING TO PAY. IT IS NOT DISCRIMINATING AGAINST ATKINSON. AGENCY APPARENTLY IS SLOW IN MEETING ITS PAYMENTS TO ALL CREDITORS. HOWEVER, DEPARTMENT DID AGREE TO REQUEST THAT EMBASSY MAKE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 078067

LOW KEY APPROACH TO INOS (OR OTHER GOV ENTITIES AS APPROPRIATE) TO POINT OUT DIFFICULT POSITION COMPANY IS IN AS RESULT OF ARREARAGES AND POSSIBLE CONSEQUENCES TO SCHEDULED COMPLETION OF PROJECT. WE WOULD APPRECIATE EMBASSY'S VIEWS AND REPORT AS RESULT OF APPROACH. VANCE

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, DEBT REPAYMENTS, SERVICE CONTRACTS, DAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 mar 1978  
**Decapton Date:** 01 jan 1960  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE078067  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** DTAHER:LJ  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780134-0498  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780318/aaaaaotb.tel  
**Line Count:** 99  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 2f3dfc88-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3181388  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ATKINSON COMPANY PROBLEMS IN VENEZUELA  
**TAGS:** ECRE, EFIN, VE, US, (ATKINSON, GUY F)  
**To:** CARACAS  
**Type:** TE  
**vdkgvgwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/2f3dfc88-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014